



Commentary

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In 2005, the Missouri legislature adopted a new school foundation formula, which will be phased in over seven years, beginning in 2006-07. It is based on the current expenditure of local and state dollars in those districts meeting all performance standards established by the State Board of Education. It is designed to ensure that all districts have at least the “state adequacy target” of money behind each child if the district chooses to have a tax levy equal to or greater than the performance tax levy. For the 2006-07 school year, the target funding level is \$6,117 per student; this amount will be recalculated every two years.

Also, an additional allocation will be available for school districts that have a higher-than-average number of students with unique special education needs, with limited English proficiency, or who qualify for free or reduced lunch.

Because the state adequacy target includes expenditures for the previously identified categories of students, the following items will no longer be categorically funded:

- exceptional pupil aid
- gifted education
- remedial reading education
- fair share fund
- text book fund
- line 14 of current formula (“at-risk” programs).

The net effect is that districts must think differently now because they have a total number of dollars with which to address the educational needs of all students rather than specified amounts that must be spent on certain categories of students.

The performance tax levy is established at \$3.43. This means that a one-time calculation will be made ($\$3.43 \times$ the 2004 assessed valuation in the school district) when determining the amount of state aid needed to achieve the state adequacy target in that district. A dollar value modifier is created to recognize districts’ increased costs as measured by higher wages, primarily in metropolitan areas. This formula will be phased in over seven years beginning in 2006-07.

Other funding will be distributed as follows:

- A \$15 million Small School Fund will be distributed to all districts having 350 or fewer students in average daily attendance (ADA). Two-thirds of that money will be distributed on an ADA basis; the other third will be distributed on a prorated basis to those districts with levies greater than the \$3.43 performance levy. The net effect of the proration is that districts with the highest levies that are eligible for the Small School Fund will benefit the most. (A change from the current formula removes the extra weighting for summer school average daily attendance.)
- A Classroom Trust Fund will be created to provide a separate accounting for money generated by riverboat gaming. Local districts will have great flexibility in the expenditure of this money.
- A fund will be created to reimburse districts for the educational costs of students with disabilities when the costs for a child’s services exceed three times the district’s current expenditure per ADA.

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The formula also calls for the minimum salary for a teacher to be \$22,000 in 2006 and moved to \$25,000 in 2010. A teacher with a master's degree and 10 years of experience must earn at least \$30,000 in 2006-07 and \$33,000 by 2009-10.